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H. R.

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EAST ASIA BIWEEKLY REVIEW

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This publication is prepared for regional specialists in the Washington community by the East Asia/Pacific Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the National Foreign Assessment Center. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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New Zealand - Japan: Trade Impasse

The failure of last-minute trade talks in Wellington two weeks ago makes it almost certain that New Zealand will bar Japanese fishing vessels from its new 200-mile economic zone when fishing regulations go into effect on 1 April.

The six-man Japanese delegation failed to offer significant concessions on the four items--dairy products, timber, beef, and squid--that the New Zealanders have been pressing Tokyo to buy in greater amounts. Wellington had emphasized that a Japanese commitment to buy more was its price for Japanese fishing rights.

With access to traditional markets becoming increasingly difficult--particularly since the UK joined the Common Market--New Zealand has been searching in vain for new outlets. It has been frustrated by Japan's repeated refusal to discuss long-term purchase arrangements, especially in view of a balance of trade strongly in Japan's favor.

The New Zealanders thought that Japanese interest in fishing in the waters encompassed by the new zone would encourage Tokyo to be more responsive to New Zealand's trade needs. They further calculated that the granting of fishing concessions to the South Koreans and the Soviets would arouse Japanese fears of being shut out. The New Zealanders reasoned that Tokyo would not send a high-level delegation only to turn down their requests. With these inflated hopes, the New Zealanders--who see their export problems as desperate and immediate--took unkindly to the Japanese attitude that Wellington should be patient. On the item of most concern to the New Zealanders--dairy products--the Japanese argued that they already have a surplus domestic supply.

The failure of the talks has reinforced the New Zealand Government's determination to carry through with its threat to deny Japan access to its fishing waters.

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Prime Minister Muldoon has publicly described the Japanese negotiating package as so "inadequate" as not to deserve a response. The New Zealanders were further annoyed by the chief Japanese delegate's comment that a ban on Japanese fishing would probably cause an adverse public reaction in Japan over which his government would have no control, a remark they took as a pointed threat.

The New Zealanders are counting on Japan's problems with its larger trading partners to restrain it from taking measures that would further aggravate Japan - New Zealand relations. Despite their public show of ill temper, New Zealand officials do not want to close the door to an agreement. [REDACTED] a Japanese fishing quota will be held aside for allocation when Tokyo meets some of New Zealand's trade needs. This may be a faint hope, as Tokyo shows no inclination toward accommodating the New Zealanders. (CONFIDENTIAL NOFORN)

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The Philippines: The Political Campaign Begins

The campaign for the 7 April National Assembly elections has begun with a kaleidoscopic array of issues and personalities unique in recent years--the election itself is the first of its kind to be held in the six years since President Marcos imposed martial law.

The results are already a foregone conclusion--President Marcos will be assured an overwhelming majority of seats in the new parliament--but the way in which the elections are handled will have as much impact on the level of understanding between the US and the Philippines as they will on the electorate.

Marcos will be holding the elections in the glare of the US human rights spotlight and on the eve of Vice President Mondale's visit. He is also in the midst of complex and difficult negotiations with the US over a revised bases agreement--in which his reaction to human rights pressures plays a vital part.

On the domestic front, he is allowing a long-time political adversary--former Senator "Ninoy" Aquino--to campaign for an assembly seat from the jail cell in which he has been imprisoned for over five years. The President's wife is also campaigning for her first elective office on the Manila slate of pro-Marcos candidates.

Mrs. Marcos' candidacy--together with that of Defense Secretary Enrile--raises questions about the succession problem in Philippine politics. There is no clear successor to Marcos but, with the election of a National Assembly, the Philippines for the first time in almost six years will have an institutional framework within which to manage a peaceful transfer of leadership in the event of Marcos' death.

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What's At Stake

On election day the Philippine voters will be casting their ballots for 165 elective seats in the 200-seat National Assembly, with regional voting by 14 districts. In addition to the President's seat, 20 seats will be filled by high-ranking government officials appointed by Marcos. Fourteen members will be sectoral representatives (such as youth, industrial labor, agriculture) to be similarly selected. Like the appointed members, the sectoral representatives are expected to be Marcos loyalists.

Thus, the pro-Marcos forces need only 67 more seats, or 41 percent of the 165 elective seats, to give them an absolute majority in the parliament. It is unlikely that opposition candidates will win more than a score of seats at most--virtually assuring Marcos of an overwhelming victory.

The parliamentary body is to be an "interim" assembly that will draw up rules governing the establishment of a permanent legislature. In fact, the new parliament is expected to be little more than advisory in character and under Marcos' complete control.

Once elected, the assembly must be convened within 30 days by President Marcos. The Philippine leader will continue to exercise legislative powers, however, until martial law is lifted. To the extent that he shares legislative powers with the new assembly, it will be on his terms.

Indeed, even after martial law is lifted, the 1973 constitution provides that Marcos can legislate by decree if the parliament "fails or is unable to act adequately on any matter for any reason that in his judgment requires immediate action."

The Choice for the Electorate

The Philippine voter generally does not seem to regard the vote as a meaningful political exercise. This attitude could inhibit the electorate's willingness to take a stand, even by secret ballot. On the other hand,

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for the first time since the imposition of martial law, the elections are offering a structured opportunity for the opposition to speak out and present alternatives. Several opposition leaders apparently are pointing to local elections, which Marcos has promised to hold later this year, and evidently hope that the ideas and issues they now raise in connection with Marcos' martial law rule will have a greater impact on the voter at that time.

Marcos has organized the elections to put the opposition at a definite disadvantage. Several members of the Liberal Party--the major opposition party--probably stood a good chance of election if former congressional districts, where they enjoyed localized support, rather than regions as a whole, were the electoral unit.

Marcos' adoption of bloc voting has been of even greater significance. As a result of this procedure, which allows the voter to cast his ballot for a straight ticket rather than for individual candidates, the Liberal Party has decided not to run an official slate of candidates against Marcos--with the critical exception of metropolitan Manila.

The election of individual opposition candidates outside Manila will depend to a large degree on ticket splitting by rural voters, who are more easily marshaled by government officials to do their bidding than their urban counterparts.

The Campaign Setting--Advantage: Marcos

Marcos wants to be able to portray the election outcome as an endorsement of his regime by a broad consensus of the public. In this regard, a number of factors are working in his behalf.

The Philippine economy, for example, has made excellent headway against new and persistent problems. Favorable weather conditions, coupled with the political and social stability associated with martial law, have provided a suitable environment for economic and agrarian reforms.

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How great the benefits of economic growth have been to the country's poor majority is a more difficult question to answer. Most evidence suggests that living standards in rural areas have improved as the government's agricultural programs have gradually taken hold.

Urban incomes, hit hard by rapid inflation in the mid-1970s, have probably improved slightly, and there are no signs of economic dissatisfaction within the labor force. With the exception of the still depressed sugar industry, unemployment has declined over the last year.

Marcos has formed a broad coalition for the campaign--the Kilusang Bagong Lipunan (KBL) or New Society Movement--and is trying to give the impression that it represents all facets of Philippine society.

In addition, 25 other political parties have registered, but only one is of any national consequence--the Lakas Ng Bayan (Laban) or Aquino slate fielding some 21 candidates in the metropolitan Manila area.

To compensate for the opposition's decision to run only in Manila, President Marcos' political lieutenants have encouraged the formation of pseudo-opposition groups in the provinces to spar with the KBL. The result has been a proliferation of small regional parties without significant support--but with aspiring politicians of varying hues all scrambling for a legislative seat, a realistic campaign flavor has been lent to the whole process.

A graphic illustration of the dynamics in this election can be seen in the central Philippines. Here the KBL is running a strong slate of candidates, bringing together under one "umbrella" the principal feuding pro-Marcos factions, as well as three hitherto outspoken opposition figures, including the grandson of the late President Osmena.

The Osmena defection to the pro-Marcos ranks--together with that of a former opposition congressman who convincingly engineered Cebu City's 40 percent "No" vote in the 17 December referendum endorsing Marcos' rule--underscores the enormous leverage and persuasive power Marcos wields.

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"Lito" Osmena had been under house arrest since his release from prison in late 1973. Skeptics assume that Marcos talked him into joining the KBL slate in return for the removal of his 24-hour guard, although Osmena asserts that Marcos understands he will adopt an independent stance if elected.

In short, the pro-Marcos KBL slate of candidates is a formidable one with all feuding factions apparently unified against a number of fragmented opposition groups whose main campaign target will be directed against the prolongation of martial law and abuse of civil liberties.

Metropolitan Manila: A Pivotal Contest

The only credible opposition slate will be a list of 21 candidates led by former Senator Aquino to contest a KBL ticket led by Imelda Marcos. Only the Laban opposition candidates in Manila are of sufficient stature and commitment that their election will be considered a significant political blow to Marcos' regime. Mrs. Marcos and Aquino have a history of mutual animosity going back at least to 1965.

In the opposition's favor will be Manila's pre-martial law tradition of voting against the national administration; the presence of a large student and intellectual community; and the appeal of Aquino and the exploitation of his detention.

For her part, Mrs. Marcos has assembled a ticket combining elder statesmen, traditional politicians, and technocrats. All personal favorites of the First Lady, her slate nevertheless contains a higher number of "technocrats" than the provincial slates, where the "Old Society" politicians are much in evidence. More than half of Mrs. Marcos' slate has never before held elective office.

Aquino's decision to campaign by proxy from his jail cell against Imelda Marcos and the government's massive array of media and resources has confronted Marcos with a difficult problem.

Marcos clearly intends to orchestrate the election so that it continues him in power, but he also wants to

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present an election format that seems fair to foreign-- and particularly American--observers. He has the option to allow Aquino to win or be defeated, but he realizes that few observers will consider the election credible if other opposition candidates won and Aquino was defeated.

In this regard, Marcos' dilemma may not be as insoluble as it appears. He may have already concluded that if the campaign affords an adequate opportunity for opposition elements to participate in the political process, he will have gone some way in mollifying his human rights critics--regardless of who wins or loses.

And from a domestic viewpoint, he may feel that if the Manila elections are considered relatively fair by the electorate, and if Aquino and the opposition slate are badly defeated, his former political opponent will be permanently discredited.

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it is acceptable by Philippine standards for the government party to spend vast amounts of public money to buy votes. If it does so, he contended, it will hardly be necessary for Marcos to manipulate the actual vote count, and such an outcome will be regarded locally as a fair election.

Prospects

The intangibles in this parliamentary election may well prove to be more decisive than anything else in affecting the political mores of the Philippines and the course of US-Philippine relations.

Marcos has denied Aquino's request for temporary release on legal and security grounds. Aquino's military trial is presently in abeyance pending a Supreme Court decision on his request for habeas corpus and transfer of his case to a civilian court. He has offered, however, to consider Aquino's request to be provided access to local and foreign media representatives while campaigning from prison.

At the same time--dramatizing his sensitivity to the Aquino affair--Marcos has deliberately sparked a

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government campaign denigrating the former senator with charges of collusion between Aquino and both the Communist New People's Army and the US Central Intelligence Agency.

Defense Secretary Enrile is taking the lead in fashioning the public line that opposition party candidates are receiving foreign, i.e., US, support. President Marcos obviously hopes to muddy the waters with allegations of Aquino's foreign ties to bolster his own credentials as a leader truly seeking to advance Philippine national interests and aspirations.

For the moment, the theme of foreign support of the opposition appears to be largely tactical on Marcos' part and primarily aimed at damaging Aquino's credibility during the election campaign--as opposed to undermining the bilateral relations with the US.

Marcos realizes that one of his political strengths is his moderate nationalist stance, however, and he will be on the defensive against real or imagined American pressures with regard to the elections. As he recently told US Ambassador Newsom, "I am willing to listen to the United States, but I am not willing to go to bed with it." (CONFIDENTIAL)

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Indonesia: Update on the Political Situation

The Indonesian Government appears able to contain the activities of student dissidents opposed to President Suharto's election on 22 March to a third five-year term. Although the Army continues to back Suharto firmly, Vice President Buwono's reported decision not to run again and difficulties in achieving consensus over some government policies might embarrass Suharto.

Students in Jakarta, Jogjakarta, and Bandung have recently staged some disruptive strikes and demonstrations on campus. Government troops have entered some of the campuses and made a few hundred arrests, but they have released most of the students. The troops have exercised relative restraint, depriving the students of a cause around which to rally greater support. Nevertheless, the possibility of bloodshed caused by an overreaction remains as student dissidence escalates pending the election.

More upsetting to Suharto--at least in the immediate future--is the possibility that the Vice President will not run again. Although he reportedly agreed last month to join Suharto on the ticket, Buwono apparently has had second thoughts. He reportedly informed Suharto last week that he did not wish to be reelected because of poor health, but Buwono's dissatisfaction with Suharto's crack-down on students and the press may have influenced his thinking. It is likely that Suharto will step up efforts to woo Buwono; the President does not seem to trust other civilians who are otherwise qualified to be on the ticket. If Buwono refuses to run, however, former Foreign Minister and Parliament Chairman Adam Malik will probably be his choice.

Parliament's passage of the "Guidelines for State Policy"--tantamount to a government decree--may not be as smooth as Suharto would like and as the Javanese tradition of consensus would call for. Several conflicts have arisen between the Suharto-backed GOLKAR group and the two opposition parties, the Indonesian Democracy Party

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(PDI) and the Muslim-dominated Development Unity Party (PPP). Among the disagreements, the most important are:

- President Suharto's determination to obtain official recognition of Javanese mysticism as an official religion. The PPP vehemently rejects this as an affront to Islam.
- A PPP demand that nominations for president and vice president be permitted if made by 30 members of Parliament rather than by larger factions of the parties. The proposal would give opposition parties an opportunity to nominate someone other than the Army's choice for president.
- PPP and PDI proposals to modify the law on presidential succession. While GOLKAR favors the present procedure of having a temporary triumvirate (Ministers of Internal Affairs, Foreign Affairs, and Defense) arrange new elections if both the President and Vice President are incapacitated, the PDI and PPP want power shared by institutions that include at least one of their own members.
- Suharto's inclination to give the government-backed but virtually defunct National Youth Organization recognition as the country's official youth movement. The PDI and PPP see this as another government attempt to stifle student opposition to Suharto's policies.

It is likely that some of these differences will be settled in closed-door negotiations pending Suharto's reelection; the government is not immune to compromise. The issues of mysticism and nomination procedures, however, may be put to a vote in Parliament if the PPP and PDI do not win greater concessions than now appears will be the case. Suharto forces would probably win, but the event itself would break with the tradition of a public display

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of unity for government policy. President Suharto's move to refurbish the grave of former President Sukarno-- a sharp break with his past policy of neglect but one that has garnered support from former Sukarnoists in the PDI-- suggests that Suharto does not intend to back down on these two issues. (SECRET NOFORN)

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Papua New Guinea: No Haven for Rebels

Papua New Guinea's arrest and jailing two weeks ago of two officials of the Organasi Papua Merdeka (OPM), the liberation movement in the neighboring Indonesian province of West Irian, was the clearest manifestation to date of Port Moresby's determination to carry through with an announced tougher approach to border crossers. Prime Minister Somare told parliament last November that his government respected Jakarta's sovereignty over West Irian and did not sympathize with dissidents there. While in Australia last month he reiterated his stand that the rebels could not use his country as a safe haven.

Although the West Irianese dissidents number at most only a few hundred and present no threat to Indonesian control, neither the Indonesian Army nor Papua New Guinea's tiny defense force have been able to seal the rugged and remote border. Bilateral relations have been irritated both by Indonesian military incursions into Papua New Guinea in pursuit of rebels and by suspicion in Jakarta that Port Moresby has been giving the rebels sanctuary and even abetting their activities.

Some 18 other border crossers have recently been jailed as illegal immigrants, but the two recently jailed--ranked second and third in one of the two OPM factions--were the most important yet picked up. Sympathy for the dissidents among the few politically active Papua New Guineans had earlier dissuaded the government from bearing down on them. This hesitancy had encouraged some West Irianese refugees in Papua New Guinea to flout Port Moresby's strictures against political activity.

The government apparently decided that good relations with Jakarta were more important than catering to the few domestic political activists. The bulk of the Papua New Guinean population is either unaware of or uninterested in the West Irianese movement.

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Although Jakarta will take some satisfaction in the jailing of the border crossers, it will continue to press for their return, a step Port Moresby is reluctant to take.
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North Korea Chronology

- 18-22 January Soviet Politburo member Kunayev visits North Korea. In a meeting with Kim Il-song on 20 January, Kunayev presents the North Korean President with the Order of Lenin, which Moscow had awarded Kim on his 60th birthday in 1972. (U)
- 20 A North Korean broadcast by the "Voice of the Revolutionary Party for Reunification"--which claims to broadcast clandestinely from South Korea--stresses the importance of choosing a "correct successor" to Kim Il-song and, without mentioning Kim Chong-il by name, argues in unmistakable terms that the son is best qualified to assume that role. (U)
- 23-27 A national congress of agricultural activists convenes in Pyongyang with Kim Il-song presiding. The congress praises the contributions of the members of the so-called "three-revolution teams"--an innovation linked with Kim's son, Kim Chong-il. (U)
- 28 The Central Committee of the Korean Worker's Party (KWP) convenes its 16th plenum and issues a letter urging party members to concentrate their efforts on economic construction. Subsequent commentary

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- 28 January suggests the guidance in the letter is being attributed to Kim Chong-il. (U)
- 1 February The North Korean Government issues a memorandum condemning various efforts to gain international acceptance of a divided Korea. Although it does not specifically mention the USSR or China, the memorandum seems intended to highlight Pyongyang's concern that its allies might join in a big power settlement that would diminish North Korea's options for achieving eventual reunification. (U)
- 2 North Korea, pointing to its record grain harvest in 1977, reports that it will export some 500,000 tons of rice in 1978. More than 200,000 tons of rice will be shipped to Indonesia, according to a North Korean news agency report on 3 February. (U)
- 7-15 Candidate member of the KWP Political Committee Kim Yong-nam visits Yugoslavia. On 10 February Kim meets with Yugoslav President Tito and gives Tito a letter from Kim Il-song. The visit follows an announcement by Belgrade on 4 February that Tito will meet with President Carter in early March. (U)
- 8 An editorial in the party daily, *Nodong Sinmun*, reveals that the anniversary date of the Korean People's Army (8 February 1948) henceforth will be marked on April 25, in commemoration of the founding of the Korean People's Revolutionary Army--

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8 February

the anti-Japanese guerrilla force supposedly organized by Kim Il-song in 1932. (U)

9

A special envoy of Egyptian President Sadat, in a press interview in Pyongyang after meeting with Kim Il-song, praises the role of North Korean fighter pilots in Egypt in 1973. (U)

11

North Korea announces the departure of Vice President Pak Song-chol to South Yemen. Subsequent announcements by Pyongyang during the month reveal that Pak Song-chol continued on to several countries in East Africa; Vice Premier Chong Chun-ki was touring West Africa (beginning 27 January); and Vice Premier Kong Chin-tae traveled to Southeast Asia (beginning 18 February). (U)

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An editorial in the party daily, *Nodong Sinmum*, on the same date as Kim Chong-il's birthday prominently publicizes a new slogan exhorting the populace to display the "spirit of Mount Paekdu, of Chollima, and of the speed battle." The slogan elevates the "speed battle"--a concept associated with the younger Kim--to the level of domestic campaign slogans previously attributed exclusively to Kim Il-song. (U)

21 February - 1 March

North Korean Defense Minister O Chin-u visits the Soviet Union to attend ceremonies marking the 60th anniversary of the founding of the Soviet armed forces on

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21 February - 1 March

23 February. Moscow and Pyong-
yang are silent about O Chin-u's
activities during the period
24-28 February. (U)

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